

STATEMENT OF PURPOSE

RS20779

This legislation revises the interest rate for violations of the statutes governing mineral extractions on state lands to the legal interest rate due on money judgments set by the Idaho Treasurer. The existing statute requires that an average interest rate from the Endowment Fund be used to calculate damages, but this method was put into place prior to Endowment Reform, at a time when the endowments were invested primarily in fixed income. The current investment program does not lend itself as easily to the calculation of an annual interest rate. The rate set by the Idaho Treasurer is widely used for determining the interest rate on legal judgments and awards. It is set annually on July 1 using a statutory calculation based upon the average yield of U.S. Treasurer securities. The rate for July 1, 2009 to June 30, 2010 was 5.625% and the rate for July 1, 2010 to June 30, 2011 is 5.375%.

FISCAL NOTE

There is no fiscal impact from this legislation. Collection of interest for violations of the chapter is rare and the interest rate used under the proposed methodology will not differ significantly from what is used today. In addition, when there are collections, they flow to the endowment fund.

Contact:

Name: Larry Johnson

Office: Endowment Fund

Phone: (208) 334-3312